

C. DUKES SCOTT
EXECUTIVE DIRECTOR

1401 Main Street, Suite 900
Columbia, SC 29201



DAN E. ARNETT
CHIEF OF STAFF

Phone: (803) 737-0800
Fax: (803) 737-0801

jnelson@regstaff.sc.gov

Jeffrey M. Nelson
Counsel for ORS

August 12, 2009

VIA EFILING

Mr. Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

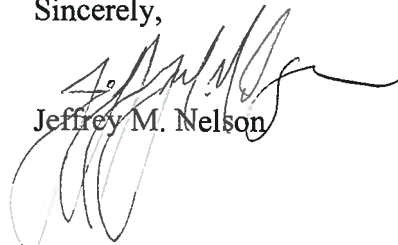
Re: Annual Review of Purchased Gas Adjustment and Gas Purchasing Policies of
Piedmont Natural Gas Company, Incorporated
Docket No.: 2009-4-G

Dear Mr. Terreni:

Please allow this correspondence to serve as notification that the Office of Regulatory Staff and Piedmont Natural Gas ("Piedmont") have reached an agreement regarding the interest rate which Piedmont applies to its deferred account. Under this Agreement, Piedmont has agreed that effective September 1, 2009 the interest rate which it will use to calculate under- and over-collection balances will be the rate of interest as of the first day of each month for 10-year United States Government Treasury Bills plus an all-in spread of 65 basis points (.65 percentage points). The parties have also agreed that interest will not accrue on under- or over-collection balances which exceed \$20 million in its deferred account.

Thank you for your consideration in this matter. If you have any questions, please do not hesitate to call me.

Sincerely,



Jeffrey M. Nelson

cc: James H. Jeffries, IV, Esq.